

SN

Supermarket News

Monday, July 24, 1995

INSIDE THIS WEEK

- 4 *Shaw's Betting on Big Format*
- 6 *FMI Lauds Price Inspection Standard*
- 8 *Kroger Sets 2nd-Quarter Sales Record*
- 8 *Farm Fresh Cash Flow, Sales Up*
- 19 *Spartan to Begin POS Software Test*
- 57 *New AWG Facility Seen as Cost Cutter*

Hannaford To Buy 8 Farm Fresh Locations

By DAVID ORGEL

RICHMOND, Va. — Hannaford Bros. accelerated its Southeast expansion last week by reaching agreement to purchase eight supermarket locations from Farm Fresh, based in Norfolk, Va.

The transaction, which includes seven units in highly competitive Richmond, jump-starts Scarborough, Maine-based Hannaford's effort to enter the Richmond market and continues its year-old regional push that began with its acquisition of Wilson's Supermarkets, Wilmington, N.C., in July of last year.

The move also represents a pullback for Farm Fresh in the face of new Richmond competition, including reported plans by Wal-Mart to convert four discount stores to supercenters here.

The transaction, for \$25 million plus the value of inventory and assumed leases, includes seven
See Hannaford, Page 67

by EDITH ZWIESBACH

In the growing battle between supermarkets and supercenters, the bottom line is, you ain't seen nothing yet.

Supermarkets are bracing for more serious conflict in the next few years as supercenters soar in number and fan out into new markets.

In this issue, SN assesses the supercenter drama from a number of angles, with separate stories focusing on the big three discounters-turned-supercenter operators, the supermarkets' battle strategies, the consumer's view and an international supercenter.

Continued on Page 9

The Supercenter

JUGGERNAUT

With discounting's big guns in the vanguard, the giant format is advancing in strength

NOT
GUILTY!

GUILTLESS
Gourmet

Aisle Watch



By David Merrefield

Supercenter Consumers

Countless barrels of printer's ink have been spilled over the topic of supercenters and what their rollout means for the conventional supermarket industry.

But through it all, answers to the question of how successful the supercenter format will be in years to come — and the real degree of threat the format poses to conventional operators — remain a bit elusive.

So, with this issue, SN contributes a little to that gush of ink about supercenters, and a lot to the flow of information and answers to questions.

Our multipage special report on supercenters starts on Page 1 and continues on several inside pages. It includes a look at strategies being used by supercenter operators, tactics specific supermarket operators are using to fight back, the internationalization of supercenters, consumer viewpoints on supercenters and the like.

All those topics are hugely important, but in a way it's consumer reaction to supercenters that's really the fundamental consideration.

After all, if it can be learned just what consumers think of supercenters generally, how they shop them, how often they shop, items they prefer, and so on, answers to everything else anyone might wonder about supercenters become more clear.

To find what consumers have in mind on just these matters, and more, SN did some research the old-fashioned way: We sent a reporter to a state-of-the-art Wal-Mart Supercenter to pose questions directly to exiting consumers about the shopping experience they had just had in the supercenter. Answers from those consumers form a part of this week's supercenter report.

To offer a little more context for the answers, let's take a look at some emerging supercenter trends and see what consumers say about them:

• **DRAWING POWER:** At issue here is whether shoppers will consistently drive by one or more conventional supermarkets to patronize a supercenter.

Members of our ad hoc supercenter consumer panel said they would do that, but there was a little resistance to traveling a distance to shop a supercenter on a frequent basis.

"We live in Madison [Va.], which is about 25 miles away," one said. "We come here about two times a month and otherwise go to the Food Lion and IGAs in Madison."

• **PRICE:** The question here is the degree to which supercenter shoppers are motivated by the price offer.

Respondents left little doubt that price was what they had uppermost in their minds in shopping the supercenter, and that they would buy all of their market basket, or portions of it, wherever they thought the cost to be least.

"[The supercenter] is closer, but my basic grocery shopping is at Food Lion. Canned goods are cheaper at Food Lion, so I buy them there," said one shopper.

"I think Food Lion still has the prices beat," said another. "I really shop by price."

• **CROSS-SHOPPING:** Here the quandary is whether shoppers will buy food and nonfood during the same trip to the supercenter. Eventually, some will and some won't.

"I go to the Food Lion about once a week for my main grocery shopping because at Wal-Mart I know the toothpaste will be at one end of the store and the dog food will be over there. That takes time," said one shopper.

But, said another: "The fact that [the supercenter] is big isn't a problem because I know where everything is. I buy everything here."

• **PERISHABLES:** Supercenter perishable presentations are generally considered to be below par as compared to conventional supermarkets. But that may be changing.

"The produce is nice and I think it's a little cheaper here," said one shopper.

"When I come here I like to go to the bakery, so maybe that's why it always costs more than when I go to Food Lion," said another.

In sum, then, it's apparent that a close look at consumer attitudes is bound to turn up areas of vulnerability in the supercenter model that conventional operators should exploit. As important, areas of supercenter strength conventional operators shouldn't challenge are also disclosed.

That means a conventional-store battle plan premised on identifying a few important reasons consumers prefer conventionals — coupled with a program of pumping up and promoting those aspects of product, merchandising, price, or what have you — should pay big dividends.

Inside Supermarket News

19. PRODUCTIVITY

Advanced point-of-sale systems are heading the list of priorities for many management information systems executives.

This week Spartan Stores is going to start testing new software intended to streamline operations.

Electronic marketing's potential for profit and peril will be explored at a conference Aug. 13 to 15.

23. FRESH FOODS

Copps Corp. is implementing fresh ideas about food and service at its newest store.

Alfalfa's is extending its range into the Northwest.

Balls Food Stores unwrapped three sushi bars in one day.

53. CENTER STORE

In cereals, national brands are cracking with activity against private labels that are trying to snap up sales.

Kroger Co., Nestle USA and Walt Disney Co. teamed for a "Pocahontas" event.

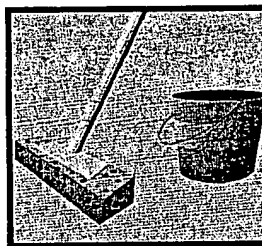
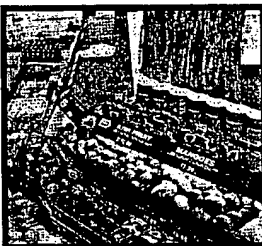
Procter & Gamble and a number of supermarket chains are raising funds for seriously ill children.

57. HOME & HEALTH

Pushed by many labels, stick goods are not stick-in-the-mud items, retailers are saying.

Associated Wholesale Grocers is expecting its new technologically advanced warehouse to strengthen its stores' nonfood posture.

Furr's Supermarkets is focusing on "Super Video" departments in new and remodeled stores.



ALSO INSIDE: ■ EXECUTIVE CHANGES.....6 ■ FINANCIAL NEWS.....8 ■ SUPER MARKETPLACE....64

SN • SUPERMARKET NEWS

(ISSN 0039-5903)

The Industry's Weekly Newspaper

Published Every Monday

by Fairchild Publications

a division of Capital Cities Media, Inc.

17 W. 34th St., New York, N.Y. 10001

Second Class Postage paid at

New York, N.Y. and additional offices.

SUBSCRIPTION RATES

RETAILERS • BROKERS • WHOLESALE:

USA: \$30 — 1 year: \$50 — 2 years

CANADA: \$45 — 1 year: \$75 — 2 years

MANUFACTURERS:

USA: \$30 — 1 year: \$70 — 2 years

CANADA: \$100 — 1 year: \$180 — 2 years

ALL OTHERS:

USA: \$185 — 1 year: \$350 — 2 years

CANADA: \$190 — 1 year: \$375 — 2 years

OUTSIDE USA AND CANADA: \$500 — 1 year

For information on special group discounts, call Doug

Kessler: (212) 630-4757. For individual, new orders,

call (800) 247-2160. Please allow 4-6 weeks for service

to start. Subscription orders can be faxed to

(212) 630-4701.

MICROFILM

Current orders and back file requests are \$175 per

year. Standing order service is available. Credit card

orders by telephone or fax; mail orders require official

company or school purchase orders.

Fairchild Books & Visuals

17 West 34th Street, New York, N.Y. 10001

800-247-6922 • FAX: 212-630-3553

TO DIAL DEPARTMENTS DIRECT:

EDITORIAL (212) 630-3770 • ADVERTISING (display)

(212) 630-4750 • ADVERTISING (classified) (212) 630-

4610 • CIRCULATION (800) 785-5265 • PRODUCTION

(212) 630-4460 GROUP SUBSCRIPTIONS (212) 630-4757

The publishers of this paper do not assume responsibility

for statements by their advertisers in business

competition. • All sign articles published in this

paper represent solely the individual opinion of the

writer and not those of SN • Supermarket News. •

Copyright © 1995 Capital Cities Media, Inc. All rights

reserved. No part of this publication may be reproduced

or transmitted in any form or by any means, electronic or

mechanical, including photocopying and recording, or by

any information storage or retrieval system, except as

may be expressly permitted in writing by the copyright

owner.

POSTMASTER: send address changes to:

SN • Supermarket News, Box 1400,

Riverside, N.J. 08077. Send all other mail to:

7 West 34th Street, New York, N.Y. 10001

CCA'S ADVERTISING.
It's always working for you.

Twelve months a year, millions of women are watching our TV commercials on prime time network, cable and local spot TV. We offer retailers substantial advertising support with substantial profits per SKU.



CCA Industries, Inc., 200 Murray Hill Parkway East Rutherford, NJ 07073 • Phone (800) 524-2720 • Fax (201) 935-0575

Retail

Shaw's Sets Expansion, Big Format

By LISA A. TIBBITTS

EAST BRIDGEWATER, Mass. — Shaw's Supermarkets here is investing more than \$60 million in a new, larger format that will facilitate its entry into two new markets — Connecticut and Vermont.

The new stores, the first of which will be unveiled next month, will average 65,000 square feet, which is 10,000 square feet bigger than the chain's largest units currently, said Bernie Rogan, corporate public relations director, in an interview with SN.

The unveiling will be Aug. 6 in Fair Haven, Mass., a state in which Shaw's has a major presence. Following that opening, four units will be opened in Connecticut through the end of the current fiscal year in February, representing Shaw's first move into that state, according to Rogan. Connecticut locations are Manchester, which is scheduled to

"Site constraints are one of the limiting factors to building new stores of this size."

— Bernie Rogan
corporate public relations
director
Shaw's Supermarkets

open in September; Bristol, set for October; Vernon, in November; and New Britain in December.

These additional stores will bring Shaw's total number to 95. The chain also operates stores in Maine, New Hampshire and Rhode Island.

Additional Connecticut stores and at least three Vermont stores could follow in fiscal 1997 under the new format. Shaw's currently

has no stores in Vermont, but the chain is seeking permission from local communities to move ahead with plans for Vermont stores in Berlin, Colchester and the South Burlington area.

Shaw's is a unit of J. Sainsbury, based in London.

The new concept represents Shaw's largest sampling of service departments under one roof, including one-hour photo processing, dry cleaning, banking, pharmacy and a food court. A key aspect of the new units will be expanded perishables departments with assortments geared to local communities, Rogan said.

Shaw's will also continue to use two smaller existing formats, which range in size from 48,000 to 55,000 square feet.

The retailer will consider rolling out its new prototype wherever market conditions permit, Rogan said. However, because of the larger size, the units are not viable in all communities, he em-

phasized. Indeed, one of the new units will be less than the full allotted size.

"Site constraints are one of the principal limiting factors [to building new stores of this size]. Bristol is 55,000 square feet because of site limitations," Rogan said.

Rogan said the new prototype's service departments have appeared elsewhere in the chain, but this is the first time they've all been employed together.

The prototype projects a distinctive New England feel, according to Rogan. "It has two gables in the immediate front. The entry is a glass atrium that rises up 30 feet or so. The exit is again gabled. The principal difference [between this store and Shaw's other formats] is the services that we will be able to provide."

The format emphasizes variety throughout the store, particularly in the perishables departments, which have been considerably ex-

See Shaw's, Page 67

Class Action Suit Is Filed Against Publix

By GLEN A. BERES

LAKELAND, Fla. — Eight current and former female employees of Publix Super Markets here filed a class action suit last week, charging the company with discriminating against the approximately 45,000 women it employs.

The suit, filed in U.S. District Court in Tampa, Fla., charges that Publix bypassed female employees for promotions in favor of less qualified male employees, repeatedly denied them full-time status, gave them lower pay than male

workers performing the same jobs, channeled them into lower-paying positions with little chance of advancement into management, denied them training and other career-enhancing opportunities given to male coworkers, that male supervisors and coworkers subjected them to sexual harassment, and that superiors ignored or ridiculed their complaints.

According to attorneys for the plaintiffs — Saperstein, Goldstein, Demchak & Baller, Oakland, Calif.; Thomas A. Warren, Tallahassee, Fla.; and Charles G. Burr, P.A., Tampa — it may be the largest sex discrimination class action suit ever filed.

The filing is the latest in a series of class action discrimination suits leveled against major operators in recent years. Lucky Stores, Dublin, Calif.; Albertson's, Boise, Idaho; Safeway, Oakland, Calif., and Save Mart Supermarkets, Modesto, Calif., all agreed to multimillion dollar settlements in class action cases. The Saperstein firm was involved in each instance.

In a statement, Jennifer Bush, a Publix spokeswoman, said her company is "committed to fair promotion practices and any lawsuit that suggests otherwise is out of touch with reality."

"Women and minorities make up more than 30% of [Publix] management. The number of women in management continues to grow as Publix rapidly expands," she added.

Burr, one of the plaintiffs' at-

torneys, said he believes the operator's claim of 30% of women in management positions is misleading because the company has recently "reclassified" certain positions as management — such as assistant deli manager — even though such positions entail no change in pay or job responsibilities.

He also said his side has gathered statements from "literally hundreds" of past and present female Publix employees that are "uncanny in their consistency." He said the eight were chosen as plaintiffs in the suit because their cases were the "most representative and compelling."

The latest case is not the first time that charges of sexual discrimination have been leveled at Publix. Last year, the United Food and Commercial Workers Union launched a campaign against the company, urging female employees to seek redress for perceived discrimination. Publix, a non-union employer, called the campaign "a blatant attempt... to exploit the news media for [UFCW's] own self-serving agenda."

And a recent suit brought by a former female associate was dismissed by the U.S. District Court in West Palm Beach, Fla., as "frivolous," the company said — but at least two other Florida discrimination suits against Publix are pending, according to legal observers.

The Equal Employment Opportunity Commission has investigated sexual discrimination

claims against Publix since 1992 and has "never... found reasonable cause to believe gender discrimination... occurred," said Charles Shanor, former EEOC general counsel, who has provided legal counsel to Publix for more than two years.

Shanor charged the plaintiffs' lawyers with "attempting to escalate eight diverse and individualized complaints about various local store employees into a class action covering nearly 500 supermarket locations."

Although no figure for damages has been specified in the suit, Burr said this case is "considerably larger" than any of the others recently settled and "it would be safe to assume the plaintiffs are looking for damages in excess of \$100 million."

Burr said that in 90 days a judge will rule on whether the suit should be certified as a class action.

Clarification

Fleming Cos., Oklahoma City, plans on expanding its general merchandise presence in Dallas by adding 92,000 square feet to its primary GM distribution facility there, as reported.

Once the expansion is completed, the company said it will close two temporary satellite facilities in Dallas and Fort Worth, Texas and consolidate all GM operations at the primary facility.

This information was unclear in the June 12 issue of SN.

SN The Industry's
Weekly Newspaper
Published Every Monday
by Fairchild Publications
a division of Capital Cities
Media, Inc.

7 West 34th St., New York, N.Y. 10001-8101

Executive Editor/ David Merrellfield
Assoc. Publisher John Karolefski
Senior Editor David Ornel
Senior Editor David Ornel
Managing Editor Tom Power
Art Director John Boppert

RETAIL-FINANCIAL
212-630-2801
Associate Editor Glen A. Beres
Reporters Elliot Zwiabach, Los Angeles
Editorial Asst. Lisa A. Tibbitts
Technology David Ornel
212-630-3760
Section Editor Marc Millstein
Associate Editor Denise Zimmerman
Reporters Carol Aronson
FRESH FOODS
212-630-3766
Section Editor Stephen Dowdell
Associate Editor Pamela Blumey
Reporters Rosanne Harper
Amy Stickle
CENTER STORE
212-630-3775
Editor Bob Bauer
Reporter Richard Tarsak
Supplements Lisa Saxton
Russell Redman
HOME & HEALTH
General Merchandise, H/C/P/Pharmacy, Video
Editor Christina Veldeers
Reporters Dan Albano, Cleveland
Joel Elson, Philadelphia
Carol Aronson
Ramona Flood
SN BRAND MARKETING
212-630-3763
Editor John Karolefski
Managing Editor James Terner
Copy Chief Tracy Calhoun
Copy Editor Michael Nassar
Copy Editor Amy K. Moore
ART DEPARTMENT
Associate Art Dir. Amy Carley
Assistant Art Dir. Frank Webster
PUBLISHING
1-800-204-4515
VP Executive Publisher David Rothgeb
Associate Publisher Richard Feil
Brand Marketing David Dreyer
SN Group Ad Manager
Ad Manager:
Special Projects
Supermarket Video
Supermarket News
Supermarket Research
SN Global
Supermarket Photos
Account Managers
Deborah Palmer Hest
Stan Hoffman
India Hearn
Veronica Heyer
Peter Immediato
Richard Reingold
Phyllis Banks
Jennifer Vellin
Tony Richardson
Justin Durongsaeng
Susan Kasa
Douglas Kassar
Sheila Sullivan
Genevieve Sullivan
Jill Glasser
Ella Wolcott
Victor Mazza
Georgene McKim
Fairchild Publications
Board Chairman John B. Fairchild
Editorial Director Michael F. Coady
President Patrick McCarthy
Exec. VP Publishing Olivia Thompson
Exec. VP Finance John M. Condon
Senior VP Production Richard U. Bayles
Information Systems Owen Hartley
Senior VP Design Dir. Ira Stoklenberg
VP Controller Richard Brooks
VP Production Susan Hanson
VP Corporate Sales Sharon Thorn
Dir. of Human Resources John Prinszano
Corp. Production Director Lisa Phillips
Senior Business Manager Ira P. Schneidman
Dir., Market Research Thomas Moran
Exec. Editor, FNS Anita Bethel
Photo Editor
EDITORIAL BUREAUS
CLEVELAND 44116: Dan Albano, 20800 Center
Bridge Road, Ste. 401A (216/345-8027)
LOS ANGELES 90025: Elliot Zwiabach,
1900 S. Bundy Drive, Suite 850 (213/251-1861)
PHILADELPHIA 19131: Joel Elson, WPVI Bldg.,
4100 City Line Ave. (215/382-6200)
WASHINGTON 20005: Susan Waters, bureau
director, 601 18th St. N.W., Suite 620S
(202/639-6300)
REGIONAL SALES OFFICE
LOS ANGELES 90025: Sales assistant, Katie
Foranese, 1900 S. Bundy Drive, 4th Floor
(310-442-4740)
Outside Sales Reps: Tim McGrath, Walt Hurrell
Associates (Tom McGrath, Walt Hurrell)
CIRCULATION/CUSTOMER SERVICE
212-630-1230
EDITORIAL REPRINTS
Bach Roberts 212-630-1811
BACK-ARTICLE RESEARCH
212-630-1231
Audit Bureau of Circulation
Member
GST#R133004424
Printed in the U.S.A.

YELLOW OUT
WHITE LAUNDRY
CLEANER & DETERGENT
1-800-654-0791

IRON OUT
RUST STAIN REMOVER
& DETERGENT ALL IN ONE!
WHAT WILL THEY THINK OF NEXT?



Technology • Operations • Logistics

Barlow Automates Ordering by Phone

By DENISE ZIMMERMAN

ROCHESTER, Minn. — Barlow Foods, a single-unit upscale retailer here, has launched a new home shopping and delivery service that features totally automated telephone ordering.

Using voice technology, the system guides shoppers through the order process and allows direct access to a store data base containing descriptions and current prices of about 9,000 items, said Dan Neumeister, marketing manager.

Callers are prompted to use their telephone dial pad to enter item numbers, a personal identi-

fication number and to designate delivery time and date. Individual item prices, as well as the total cost including delivery fee, are stated at the end of the order, Neumeister said.

"To my knowledge, there's nothing like this in the country, technologywise," he added.

Barlow Foods launched the program June 14 and hopes to have 1,000 home delivery "members" signed up by year-end, he noted. Unlike many home shopping services available to anyone within a specified geographic area, Barlow's program requires shoppers to complete an application and provide credit card information.

"Our first home delivery order was 30 miles from here, a \$192 order."

— Dan Neumeister
marketing manager
Barlow Foods

Home delivery orders, which currently average \$80 each, are charged directly to customers'

credit card accounts, eliminating the need for delivery staff to handle payments.

A \$5 service fee is charged for orders within the city and \$10 for orders delivered up to 40 miles away. "Our first [home delivery] order was 30 miles from here, a \$192 order," Neumeister said.

The home delivery program, called Market Share, was developed by Innovative Retail Solutions, Redwood Falls, Minn., and Barlow Foods is the first commercial installation.

Order selection and delivery services are provided by the retailer, Neumeister said. The in-store home delivery data base,

which draws information twice weekly from point-of-sale scan files, generates printed order lists that categorize items by aisle location, for efficient picking by store staff.

Neumeister said Barlow had no immediate plans to integrate its home delivery data base with its new electronic marketing program, but that could change because the technological capability exists.

The retailer will track purchases made via home delivery and feed that data into its frequent shopper program, but only by product category, not individual item.

Neumeister said Barlow may activate a special feature in the ordering process that would provide information on sale items.

"We do have the capability to [program the system to] ask, 'Would you like to hear today's specials?' but we haven't turned that on. We could, down the road, feature 20 items or so on special," Neumeister said.

Neumeister said the program offers a valued service to the community, whose demographics are primarily white collar with a concentration of aging residents.

Other developments on the horizon for Barlow's home shopping service may include special technology to enable physically disabled customers to order groceries via voice-activated technology. A limited run of Braille product catalogs is being produced for blind shoppers who may want to use the home shopping services, Neumeister added.

Spartan to Test Software for POS, Orders

Continued From Page 19

ual data entry. "We'll be 'real time' on-line with the mainframe at Spartan. Everything Spartan knows, we'll know — at the point we need it," said Marv Imus, president of Paw Paw. "We're putting more power, the necessary tools and information where it's best put to use."

Imus, like Prevos' Rau and other independents, has been working with Spartan to develop the program for three years. The software package is called FS Pro Market-Place and was developed by Info

Systems of N.C., Charlotte, N.C.

The first stage of the test will involve integration of POS systems with financial operations and back-door receiving. Retailers transmitting scan data daily to Spartan will be able to retrieve their stores' movement information as needed, Imus said.

"Right now, our order book shows warehouse withdrawal [data] on movement of products. Near term, the system will reflect actual scan data of those stores that send data to Spartan," he said. "So I'll have current information on my business —

not an aggregate" of data collected from all Spartan stores.

Prevos' Rau agreed that integration and ready access to timely data will prove indispensable to independent retailers competing with the big guns.

"Right now all our stores, headquarters and Spartan are their own islands of information. It's frustrating to try and blend the information or pass it from point to point," he said.

Transfer of data via electronic links, rather than through the 1,000-plus page product catalogs distributed to retailers weekly, will represent a large step in the move to a paperless environment.

"But the bigger issue is being able to get at the information in a way that is useful," said Rau.

"We spend a lot of time running down pieces of paper. And if we can eliminate the paper, then all the time we spent doing that can be turned into better auditing, better reporting and more attention to detail, which is what makes the better retailers succeed," he added.

Imus agreed and said independents will need to become more efficient and can take their cues from business strategies implemented by chains. He said the Spartan program is one way smaller operators can achieve that goal without surrendering their autonomy.

EXECUTIVE CHANGE

Winn-Dixie Unit Taps Supervisor

LOUISVILLE, Ky. — Winn-Dixie Stores, Jacksonville, Fla., has named Jeff Grinstead work methods supervisor for the company's Midwest division here.

Grinstead, who most recently served as a store manager, succeeds Scott Northcut. Northcut was recently named Midwest division district manager, a new position.

In his new post, Grinstead is responsible for payroll and productivity control as well as computerized scheduling.

Winn-Dixie Stores operates nearly 1,200 stores in 14 states. The Midwest division includes 85 Winn-Dixie and Thriftway stores in Kentucky, Ohio, Indiana and Tennessee.

ShopRite Stores Sign on With American Express

ELIZABETH, N.J. — More than 180 ShopRite stores serviced by Wakefern Food Corp. here began accepting the American Express card last month.

"We are excited to take the lead in the Northeast in accepting American Express," said Joe Sheridan, senior vice president of marketing at Wakefern. "It will allow us to better serve many of our customers who have told us they prefer it as a payment method."

Sheridan added that ShopRite hopes for additional sales and customer loyalty because of the high number of card holders in its market area.

ShopRite stores join the small but steadily growing number of retailers offering the card, including Bruno's, Birmingham, Ala.; Hughes Family Markets, Irwindale, Calif.; Giant Food, Landover, Md.; Smitty's Super Valu, Phoenix, and Ralphs Grocery Co., Compton, Calif.

Electronic Marketing Scope, Cost To Be Analyzed at Conference

Continued From Page 19

frequent shopper programs with other operators, said Phil Kalivoda, director of in-store media at Fleming Cos., Oklahoma City.

"What's important to us is the combining of independent retailers to build some synergies not only locally but regionally and even nationally," Kalivoda said.

"There's got to be a way we can build off each other rather than everybody doing their own thing," he added.

Some retailers agree such integration can prove beneficial. But if the transition is not managed carefully some retailers risk program failure if they try to do too much too soon.

"The problem with some electronic marketing programs is that they are too complex for the small retailer," said a supermarket executive who wished to remain anonymous. Such programs often

require a major investment in front-end technology, rather than slow upgrading over time, he added.

Fleming has discovered the cost of frequent shopper programs to be a serious issue for many of its smaller independents.

"I'm very interested in finding out ways we can bring a program together for our retailers in a very cost-effective manner," said Fleming's Kalivoda, who will also be attending the electronic marketing conference.

"Cost has been a factor for some because you've got to have the right kind of front-end equipment," he said. "These technology requirements have slowed our [programs'] growth as well."

For a retailer to succeed with electronic marketing, the company must not try to hit every target at first, the wholesaler said.

"They need to isolate what

they're aiming at," he said. "If you want to hit a specific market to find out who hasn't shopped in your store in the last three weeks, that's a worthwhile spend."

Retailers should also realize that current electronic marketing technology cannot replace marketing ingenuity.

One wholesaler said he felt the most successful data base marketing he'd ever seen was as a child, when his father, a supermarket manager, had him monitor a competitor's parking lot.

"He told me to write down all the license plates of people with more than three bags of groceries," the source said. "And then he direct-mailed to them."

It's that type of information that electronic programs have yet to provide, he added. "Who's shopping at my competitors? How much do they buy? That's what you need."